

## Message Text

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64

ACTION EB-11

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INR-10 NSAE-00 RSC-01 FAA-00 PA-04 PRS-01 USIA-15 L-03

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2138

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E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: CIVAIR: CHARTER TALKS - PRESS COVERAGE.

REF : OTTAWA 2567

1. TORONTO GLOBE AND MAIL NOV. 21 CONTAINS FOLLOWING CANADIAN  
PRESS ARTICLE DATED OTTAWA:

QUOTE. PACKAGE DEMANDED: US TURNS DOWN BID FOR AIR ROUTES  
PACT.

THE UNITED STATES HAS TURNED DOWN CANADA'S LATEST PROPOSAL  
AIMED AT GETTING IMPLEMENTATION OF A NEW AGREEMENT ON AIR  
ROUTES, TRANSPORT MINISTER JEAN MARCHAND SAID YESTERDAY.

MR. MARCHAND SAID IN AN INTERVIEW THAT WASHINGTON HAS REJECTED  
THE CANADIAN SUGGESTION THAT CURRENT AIR CHARTER DISCUSSIONS  
BE SEPARATED FROM DISCUSSIONS ON AIR ROUTES AND CUSTOMS  
PRECLEARANCE.

'THAT MEANS WE WILL HAVE TO COMPLETE THE CHARTER AGREEMENT  
BEFORE WE CAN SIGN THE OTHER ONE,' THE MINISTER SAID,  
REFERRING TO EARLIER ACCORDS ON AIR ROUTES AND PRECLEARANCE.

OTTAWA HAD PROPOSED IMPLEMENTING THE AIR ROUTES AND PRECLEARANCE  
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AGREEMENTS AND CONTINUING THE AIR CHARTER TALKS SEPARATELY.

THE GOVERNMENT IS PARTICULARLY ANXIOUS THAT THE AIR ROUTES SETTLEMENT BE IMPLEMENTED QUICKLY. THE AGREEMENT, REACHED IN EARLY SEPTEMBER, WOULD MEAN 46 NEW ROUTES BETWEEN THE TWO COUNTRIES.

BUT, THE UNITED STATES IS INSISTING THAT NEGOTIATORS SETTLE THE CHARTER ISSUE BEFORE SIGNING THE AIR ROUTES AND PRECLEARANCE AGREEMENTS.

THE PRECLEARANCE AGREEMENT WOULD ALLOW AN EXTENSION OF U.S. CUSTOMS SERVICES TO ADDITIONAL CANADIAN AIRPORTS. IT WOULD ALSO INTRODUCE THE CANADIAN CUSTOMS SERVICE TO U.S. AIRPORTS FOR THE FIRST TIME.

MR. MARCHAND THREATENED LAST SPRING TO END U.S. CUSTOMS PRECLEARANCE FOR AIR PASSENGERS TRAVELLING TO U.S. CENTRES. HE SAID THE PRECLEARANCE SYSTEM WORKED TO THE ADVANTAGE OF U.S. AIRLINES AND HURT CANADIAN CARRIERS. BUT, THE DISPUTE WAS LATER RESOLVED WITH THE NEW AGREEMENT.

ASKED WHY THE UNITED STATES REJECTED HIS SUGGESTION FOR SEPARATING TALKS ON THE VARIOUS AIRLINE MATTERS, MR. MARCHAND SAID HOLDING UP FINAL APPROVAL OF THE ROUTES SETTLEMENT IS THE 'ONLY BARGAINING POWER THEY HAVE' IN THE CHARTER TALKS.

WASHINGTON IS SEEKING A LARGE SHARE OF THE HEAVY CANADIAN CHARTER TRAFFIC TO 'SUN SPOTS' LIKE FLORIDA. AT THE MOMENT, THIS PASSENGER CHARTER BUSINESS IS ALMOST ENTIRELY IN CANADIAN HANDS. END QUOTE

2. COMMENT: MOT PRESS SOURCE HAS ADVISED EMBASSY THIS WAS NOT A FORMAL INTERVIEW WITH MARCHAND. REPORTER CAUGHT HIM ON THE RUN WHILE LEAVING PARLIAMENT YESTERDAY AFTERNOON. CONSEQUENTLY, NO INFORMATION IS AVAILABLE AS TO THE ACCURACY OF THE NEGOTIATIONS.  
SCHMIDT

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